on these anticipated merger savings – they result from regression analyses and consideration of potential network operations cost savings. Therefore, it truly should be the case that even if the merger savings include plant-specific and network operations expenses, those should be additive to the savings that have already been accounted for.

(1) Differences between the HM 5.2a-MA Results and Those of Earlier Versions of the HAI Model Are Not Evidence that Costs Are Understated; Rather, They Appropriately Reflect the Vastly Improved Modeling Methodologies of HM 5.2a-MA, Different Demand Levels, Use of Massachusetts-Specific Inputs, and Other Legitimate Input Changes.

Q. AT P. 20, DR. TARDIFF CLAIMS THAT "CONVENIENT" CHANGES TO INPUT COSTS CAUSED A DECREASE IN AVERAGE UNIT STRUCTURE COSTS IN HM 5.2A COMPARED TO HM 2.2.2 THAT OFFSET A SUBSTANTIAL INCREASE IN DISTRIBUTION ROUTE MILES BETWEEN THE TWO VERSIONS OF THE MODEL. AT P. 24, DR. TARDIFF PRESENTS A COMPARISON OF THE PER-FOOT DISTRIBUTION STRUCTURE COSTS BETWEEN VERSIONS 2.2.2, 4.0, AND 5.2A-MA OF THE MODEL, ATTRIBUTING THE DIFFERENCES TO THE "RESULTS-ORIENTED" APPROACH OF THE MODEL DEVELOPERS. PLEASE EXPLAIN WHY THE PER-FOOT DISTRIBUTION STRUCTURE COSTS HAVE CHANGED SIGNIFICANTLY BETWEEN EARLIER AND LATER VERSIONS OF THE MODEL.

A. I will do so by focusing on the changes between HM 2.2.2 and HM 5.2a-MA, then building on that discussion to deal with the differences between HM 4.0 and HM 5.2a-MA. There are three primary reasons for the change in structure cost between HM 2.2.2 and HM 5.2a-MA. They are: